

Message Text

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43

ACTION EUR-25

INFO OCT-01 ADP-00 AID-20 CEA-02 CIAE-00 COME-00 EB-11

FRB-02 INR-10 NSAE-00 RSC-01 CIEP-02 STR-08 TRSE-00

LAB-06 SIL-01 OMB-01 AGR-20 ARA-16 RSR-01 L-03 PA-03

PRS-01 USIA-15 SS-15 NSC-10 /174 W

----- 063200

R 261610Z JUL 73

FM AMEMBASSY LONDON

TO SECSTATE WASHDC 2906

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY THE HAGUE

USMISSION EC BRUSSELS

USMISSION OECD PARIS

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E.O. 11652: N/A

TAGS: EEC, UK

SUBJECT: FUROR IN PARLIAMENT OVER INCREASED UK
CONTRIBUTION TO EEC

1. ANNOUNCEMENT IN PARLIAMENT BY MINISTER OF EUROPE
JOHN DAVIES ON JULY 25 THAT UK WOULD CONTRIBUTE AN EXTRA
33 MILLION POUNDS STERLING THIS YEAR TO EEC BUDGET WAS
GREETED BY OUTBURST OF PROTESTS FROM BOTH SIDES OF
HOUSE. DAVIES SAID THAT 33 MILLION POUNDS CONTRIBUTION
REPRESENTED UK'S SHARE OF THE 400 MILLION POUNDS
STERLING SUPPLEMENTAL BUDGET APPROVED BY COUNCIL OF
MINISTERS BUT WHICH MUST STILL BE CONSIDERED BY
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EUROPEAN PARLIAMENT. BULK OF SUPPLEMENTAL BUDGET IS

RESULT OF INCREASE COSTS UNDER COMMON AGRICULTURAL
POLICY (CAP).

2. OPPOSITION MEMBERS OF PARLIAMENT WERE PARTICULARLY
CRITICAL OF INCREASED CONTRIBUTION IN FACE OF
COMMUNITY FAILURE TO INCREASE SOCIAL FUND FROM WHICH
BRITAIN HAS HOPED TO WIN BACK SOME OF THE MONEY IT
CONTRIBUTES TO CAP. AT SAME TIME, COMMUNITY'S CUT-
RATE SALE OF BUTTER TO USSR CAME IN FOR SHARP CRITICISM
BY LABOR SPOKESMAN PETER SHORE WHO ASKED, "HOW CAN THE
COMMUNITY NEED THIS EXTRA EXPENDITURE WHEN HALF THE
COMMUNITY'S FOOD BUDGET IS SPENT ON SUBSIDIZING DUMPED
EXPORT FOOD ON THE WORLD MARKET?" SHORE ALSO
CRITICIZED THE ADDITIONAL CONTRIBUTION ON THE BASIS OF
UK'S CURRENT SIZEABLE TRADE DEFICIT WITH THE COMMUNITY.

3. IN REPLYING TO CRITICISM DAVIES SAID THERE WERE
ASPECTS OF CAP BRITAIN WOULD LIKE AMENDED. HE ADDED
THAT CONSIDERABLE PART OF ADDITIONAL BUDGET AROSE FROM
CHANGES IN PARITIES AND COULD NOT BE FORESEEN WHEN
BUDGET PREPARED LAST YEAR. HE ADDED THE COMMISSION WAS
REVIEWING CAP AND A REPORT WAS EXPECTED BY OCTOBER. HE
SAID HMG HOPES REPORT "WILL ENABLE US TO SEE A MEANS BY
WHICH THESE HEAVY CHARGES CAN BE REDUCED."

4. "FINANCIAL TIMES" IN JULY 26 EDITORIAL SAID HMG'S
TACTIC IN BRUSSELS THIS WEEK WAS TO HOLD UP DECISION
ON SOCIAL FUND'S SUPPLEMENTARY BUDGET IN HOPE OF
OBTAINING INCREASE. IT ALSO HOPES FARM POLICY WILL SHIFT
AWAY FROM TRADITIONAL MARKET SUPPORT MECHANISMS TOWARD
DIRECT PRODUCER SUBSIDIES WHICH SHOULD MEAN LONG-TERM CUT
IN COST OF THE POLICY. EDITORIAL SAID HMG DELIBERATELY
REFRAINING FROM RAISING BIG ROW IN BRUSSELS AT PRESENT.

5. CAP NOT POPULAR IN UK, PARTICULARLY WITH RISING FOOD
PRICES, AND THE ADDITIONAL 33 MILLION POUNDS CONTRIBUTION
WILL PUT PRESSURE ON GOVERNMENT TO OBTAIN ADDITIONAL
ADVANTAGES FROM COMMUNITY TO OFFSET THESE COSTS. IF CAP
NOT MODIFIED IN AUTUMN OR IF UK DOES NOT ENJOY SOME
FINANCIAL GAIN - SUCH AS FROM SOCIAL FUND - GOVERNMENT
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WILL BE IN FOR MUCH ROUGHER TIME. ANNENBERG

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Message Attributes

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Disposition Date: 28 MAY 2004
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Drafter: n/a
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